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September 10, 2008

TO: Supervisor Yvonne B Burke, Chair
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: Wendy L. Watanabe *Wendy L. Watanabe*
Acting Auditor-Controller

SUBJECT: **ANTELOPE VALLEY WORKFORCE DEVELOPMENT CONSORTIUM
CONTRACT REVIEW – A COMMUNITY AND SENIOR SERVICES
WORKFORCE INVESTMENT ACT PROGRAM PROVIDER – FISCAL
YEAR 2007-08**

We completed a program, fiscal and administrative contract review of Antelope Valley Workforce Development Consortium (Antelope or Agency), a Community and Senior Services (CSS) Workforce Investment Act (WIA) Program provider.

Background

CSS contracts with Antelope, a private non-profit community-based organization to provide and operate the WIA Adult and Dislocated Worker Programs. The Programs assist individuals obtain employment, retain their jobs and increase their earnings. Antelope provided program services in the Fifth District and contracted with Jewish Vocational Services (JVS) to administer the Agency's fiscal operations.

Antelope was compensated on a cost reimbursement basis and had a contract for \$684,572 for Fiscal Year (FY) 2007-08.

Purpose/Methodology

The purpose of the review was to determine whether Antelope complied with its contract terms and appropriately accounted for and spent WIA funds in providing the services outlined in their County contract. We also evaluated the adequacy of the Agency's

accounting records, internal controls and compliance with federal, State and County guidelines. In addition, we interviewed a number of the Agency's staff and clients.

Results of Review

Generally, Antelope provided the program services to eligible participants and maintained sufficient controls over its business operations. In addition, Antelope's expenditures were allowable and properly documented. However, Antelope did not always comply with WIA and County contract requirements. For example, Antelope did not:

- Prepare their Cost Allocation Plan and the operational Memorandum of Understanding in compliance with WIA and County contract requirements.
- Accurately report the participants' program activities on the Job Training Automation System for four (20%) of the 20 participants sampled.

Details of our review along, with recommendations for corrective action, are attached.

Review of Report

We discussed our report with Antelope, JVS and CSS on August 5, 2008. In their attached response, Antelope concurred with our findings and recommendations.

We thank Antelope for their cooperation and assistance during this review. Please call me if you have any questions or your staff may contact Don Chadwick at (626) 293-1102.

WLW:MMO:DC

Attachment

- c: William T Fujioka, Chief Executive Officer
Cynthia Banks, Director, Department of Community and Senior Services
Shirley Kemp, Executive Director, Antelope Valley Workforce Development Consortium
Frank C. Roberts, Chairperson, Antelope Valley Workforce Development Consortium
Vivian Seigel, Chief Executive Officer, Jewish Vocational Services
Public Information Office
Audit Committee

**WORKFORCE INVESTMENT ACT PROGRAM
ANTELOPE VALLEY WORKFORCE DEVELOPMENT CONSORTIUM
FISCAL YEAR 2007-08**

ELIGIBILITY

Objective

Determine whether Antelope Valley Workforce Development Consortium (Antelope or Agency) provided services to individuals that meet the eligibility requirements of the Workforce Investment Act (WIA).

Verification

We reviewed the case files for 20 (22%) of the 91 participants that received services from July 2007 through February 2008 for documentation to confirm their eligibility for WIA services.

Results

All 20 participants met the eligibility requirements for the WIA programs.

Recommendation

There are no recommendations for this section.

BILLED SERVICES/CLIENT VERIFICATION

Objective

Determine whether the Agency provided the services in accordance with the County contract and WIA guidelines. In addition, determine whether the participants received the billed services.

Verification

We reviewed the documentation contained in the case files for 20 (22%) participants that received services during July 2007 through February 2008. We also interviewed 12 participants.

Results

The 12 participants interviewed stated that the services they received met their expectations. However, Antelope did not accurately report the participants' program activities, such as completion of training, on the Job Training Automation (JTA) system for four (20%) of the 20 participants sampled. The JTA system is used by the State of

California Employment Development Department and the Department of Labor to track WIA participant activities. This finding was also noted during the prior year's monitoring review.

Recommendation

1. **Antelope management ensure that staff updates the Job Training Automation system to accurately reflect the participants' program activities.**

PERFORMANCE OUTCOMES**Objective**

Determine whether Antelope met the planned performance outcomes as outlined in the County contract and accurately reported the performance outcomes to the Workforce Investment Board (WIB).

Verification

We compared the reported Fiscal Year (FY) 2007-08 actual performance outcomes for the second quarter to the planned performance outcomes outlined in the County contract and the program activities reported on the JTA system. In addition, we reviewed the documentation contained in the case files for 20 participants reported as having exited the program, completed training and/or gained employment during the first two quarters of FY 2007-08.

Results

Antelope's FY 2007-08 second quarter actual performance outcomes were accurately reported to the WIB and the case files contained documentation to support the program activities reported on the JTA system. In addition, Antelope met the FY 2007-08 second quarter planned performance measures outlined in the County contract.

Recommendation

There are no recommendations for this section.

CASH/REVENUE**Objective**

Determine whether cash receipts and revenue are properly recorded in the Agency's records and deposited timely in their bank account. In addition, determine whether there are adequate controls over cash, petty cash and other liquid assets.

Verification

We interviewed Agency personnel and reviewed financial records. We also reviewed the Agency's January 2008 bank reconciliation.

Results

Antelope subcontracted the fiscal duties to Jewish Vocational Services (JVS). JVS maintained adequate controls to ensure that revenue was properly recorded and deposited in a timely manner.

Recommendation

There are no recommendations for this section.

EXPENDITURES/PROCUREMENT**Objective**

Determine whether the program related expenditures are allowable under the County contract, properly documented and accurately billed.

Verification

We interviewed Agency personnel, reviewed financial records and reviewed documentation for 18 non-payroll expenditure transactions billed by the Agency for July and November 2007, totaling \$24,546.

Results

Antelope's expenditures were allowable and supported by documentation as required.

Recommendation

There are no recommendations for this section.

ADMINISTRATIVE CONTROLS/CONTRACT COMPLIANCE**Objective**

Determine whether the Agency maintained sufficient controls over its business operations. In addition, determine whether the Agency is in compliance with other program and administrative requirements.

Verification

We interviewed Agency personnel, reviewed their policies and procedures manuals, conducted an on-site visit and tested transactions in various areas such as expenditures, payroll and personnel.

Results

Generally, JVS maintained sufficient internal controls over Antelope's business operations and complied with other program and administrative requirements. However, Antelope did not obtain a fire inspection for their leased program facility.

Subsequent to our review, Antelope obtained a fire inspection on July 30, 2008.

Recommendation

2. **Antelope management ensure that a fire inspection is performed regularly as required by regulatory guidelines.**

FIXED ASSETS AND EQUIPMENT**Objective**

Determine whether Agency's fixed assets and equipment purchases made with WIA funds are used for the WIA programs and are safeguarded.

Verification

We interviewed Agency personnel and reviewed the Agency's fixed assets and equipment inventory listing. In addition, we performed an inventory and reviewed the usage of 10 items purchased with WIA funds.

Results

Antelope used the equipment purchased with WIA funding for the WIA programs. In addition, the items were appropriately safeguarded. However, Antelope did not properly tag four (40%) of the ten items sampled with County property tags as required by the County contract.

Subsequent to our review, Antelope tagged the four items with County property tags as required.

Recommendation

3. **Antelope management ensure that all fixed assets and equipment are properly tagged with County property tags.**

PAYROLL AND PERSONNEL

Determine whether payroll expenditures were appropriately charged to the WIA programs. In addition, determine whether personnel files were maintained as required.

We did not perform testwork in this section as Antelope did not bill CSS payroll expenditures for the period of July 1, 2008 through December 31, 2008.

COST ALLOCATION PLAN/MEMORANDUM OF UNDERSTANDING

Objective

Determine whether Antelope's Cost Allocation Plan and operational Memorandum of Understanding (MOU) were prepared in compliance with WIA and County contract requirements. In addition, determine whether the Agency used the Cost Allocation Plan and MOUs to appropriately allocate shared program expenditures. Antelope is a One-Stop Center required to have MOUs with all partnering agencies. WIA guidelines require the One-Stop Center lead agency to establish an operational MOU with all partnering agencies participating in providing services through the One-Stop Center.

Verification

We reviewed the Cost Allocation Plan and the operational MOUs, and reviewed a sample of expenditures incurred by the Agency in July and November 2007 to ensure that the expenditures were appropriately allocated to the Agency's programs.

Results

Antelope's Cost Allocation Plan was not in compliance with WIA and County contract requirements. Specifically, the Agency's Cost Allocation Plan did not include a listing of all costs that are billable to the WIA programs, a summary schedule showing the allocations of each cost to the benefitted agencies and management's signature certifying the accuracy of the plan.

In addition, Antelope did not establish an operational MOU for five (38%) of the 13 partnering agencies and the remaining eight MOUs did not adequately identify the methods of referral between programs, the specific services to be provided by each partnering agency and the MOU modification process and/or funding arrangements, otherwise known as the Resource Sharing Agreement (RSA) as required for One-Stop Centers. As such, we could not determine whether Antelope appropriately applied the RSA to their shared program expenditures.

Recommendations**Antelope management:**

4. Prepare and implement WIA compliant Cost Allocation Plan and operational MOUs with partnering agencies participating in providing services through the One-Stop Center as required.
5. Ensure that JVS appropriately allocates shared program expenditures in accordance with Antelope's revised Cost Allocation Plan and the RSAs established within the MOUs.

CLOSE-OUT REVIEW**Objective**

Determine whether the Agency's FY 2006-07 final close-out invoices for the WIA Adult and Dislocated Worker programs reconciled to the Agency's financial accounting records.

Verification

We traced the Agency's FY 2006-07 general ledgers to the Agency's final close-out invoices for FY 2006-07. We also reviewed a sample of expenditures incurred in June 2007.

Results

Antelope's FY 2006-07 final close-out invoices reconciled to the Agency's financial accounting records.

Recommendation

There are no recommendations for this section.

PRIOR YEAR FOLLOW-UP**Objective**

Determine the status of recommendations reported in the prior monitoring review completed by the Auditor-Controller.

Verification

We verified whether the outstanding recommendations from FY 2006-07 monitoring review were implemented. The report was issued on November 9, 2007.

Results

The prior year's monitoring report contained eight recommendations. Antelope implemented six recommendations. As previously indicated, the finding related to recommendation 1 contained in this report was also noted during the prior year's monitoring review. The remaining recommendation required Antelope to implement the outstanding recommendations reported in FY 2006-07. Antelope indicated that they would implement the recommendations by September 30, 2008.

Recommendation

- 6. Antelope management implement the outstanding recommendations.**



Antelope Valley
Workforce Development
Consortium

Members:

Frank C. Roberts
Chairman

Michael Dolphin
Employment Development Dept.
Los Angeles Job Service Division

Jackie L. Fisher Sr.
Antelope Valley College

David Vierre
Antelope Valley Union High
School District

Mel Layne
Greater Antelope Valley
Economic Alliance

Billie Jenkins
County of Los Angeles
Dept. of Public Social Services

August 19, 2008

Wendy L. Watanabe, Acting Auditor-Controller
Department of Auditor-Controller
Countywide Contract Monitoring Division
1000 S. Fremont Avenue, Unit #51
Alhambra, CA 91803
Attention: Yoon Bae

Dear Ms. Watanabe:

*This letter is in response to your WIA Adult and Dislocated
Programs PY 2007-08 On-Site findings for the Antelope Valley
Workforce Development Consortium.*

Enclosed is the Corrective Action Plan for the findings noted in your
audit report.

If you have any questions, please contact me at (661) 945-5037.

Sincerely,


SHIRLEY KEMP, Executive Director
Antelope Valley Workforce Development Consortium

Enclosure

cc: Olwen Brown

**WORKFORCE INVESTMENT ACT PROGRAM
ANTELOPE VALLEY WORKFORCE DEVELOPMENT CONSORTIUM
FISCAL YEAR 2007-08**

ELIGIBILITY

No recommendations

BILLED SERVICES/CLIENT VERIFICATION

Objective

Determine whether the Agency provided the services in accordance with the County contract and WIA guidelines. In addition, determine whether the participants received the billed services.

Recommendation #1

Antelope management ensure that staff updates the Job Training Automation system to accurately reflect the participants' program activities.

Resolution

Refresher training has been provided and updates to the JTA system will be completed by September 30, 2008. Periodic reviews of cases will be conducted to ensure compliance.

PERFORMANCE OUTCOMES

No recommendations

CASH/REVENUE

No recommendations

EXPENDITURES/PROCUREMENT

No recommendations

ADMINISTRATIVE CONTROLS/CONTRACT COMPLIANCE

Objective

Determine whether the Agency maintained sufficient controls over its business operations. In addition, determine whether the Agency is in compliance with other program and administrative requirements.

Recommendation #2

Antelope management ensures that a fire inspection is performed regularly as required by regulatory guidelines.

Resolution

Subsequent to this review, a fire inspection was conducted on July 30, 2008. Per the Fire Department's regulatory guidelines, our facility is to be inspected every two years. The local responsible fire station failed to provide timely inspection of this facility due to their heavy workload. The station has put us on a two year schedule and we have posted our calendar to follow up.

FIXED ASSETS AND EQUIPMENT

Objective

Determine whether Agency's fixed assets and equipment purchases made with WIA funds are used for the WIA programs and are safeguarded.

Recommendation #3

Antelope management ensures that all fixed assets and equipment are properly tagged with County property tags.

Resolution

Subsequent to this review, the four items were tagged as required. Normally, all WIA purchased assets and equipment are tagged upon receipt. During the course of usage tags are removed by customers or they fall off. A review of all assets will be conducted to monitor tags on a quarterly basis.

PAYROLL AND PERSONNEL

Test work not performed.

COST ALLOCATION PLAN/MEMORANDUM OF UNDERSTANDING

Objective

Determine whether Antelope's Cost Allocation Plan and operational Memorandum of Understanding (MOU) were prepared in compliance with WIA and County contract requirements.

Recommendation #4

Antelope management prepares and implements WIA compliant Cost Allocation Plan and operational MOUs with partnering agencies.

Recommendation #5

Ensure that JVS appropriately allocates shared program expenditures in accordance with Antelope's revised Cost Allocation Plan and RSAs established within the MOUs.

Resolution

The Antelope Valley WorkSource Center will revise its Cost Allocation Plan to comply with the WIA and County contract requirements, obtain the missing MOUs with the partnering agencies, and ensure that the shared expenditures are appropriately allocated according to the Cost Allocation Plan and RSAs.

CLOSE-OUT REVIEW

No recommendations

PRIOR YEAR FOLLOW-UP

Objective

Determine the status of recommendations reported in the prior monitoring review completed by the Auditor-Controller.

Recommendation #6

Antelope management implements the outstanding recommendation from FY 2006-07 monitoring report.

Resolution

The agency agrees to implement the prior year's recommendations by September 30, 2008.